

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

Minutes-November 10, 2011

Conference Room B, Second Floor, DOA

Call to Order: The meeting was called to order by Chairman Ryan at 3:30 PM

Members Present: Abigail Anthony, Joe Cirillo, Marion Gold, Dan Justynski, Chris Powell, Paul Ryan and Joe Newsome

Consultants Present: Scudder Parker and Mike Guerard

Staff Present: Pat McCarthy, Lewis Babbitt and Charles Hawkins

Others Present: Tim Roughan, Karen Welker, Chris Kearns, Frank Gorke, Beth Cotter, Lindsay Perry, Danny Musher, Matthew Schweich, Rachel Henshel, Michael McAteer, and Jeremy Newberger

Acceptance of Minutes: Joe C. made a motion to accept the October minutes. It was seconded by Chris P. and passed unanimously.

OLD BUSINESS

Discussion & Vote on the 2012 System Reliability Plan

The draft SRP presented at the last meeting has been filed at the PUC by NGrid. The PUC hearing schedule has not been set. NGrid has been working with Scudder P. & Abigail A. to get at the net deferral value. It has been shown to be cost effective.

Paul R. mentioned that he was scheduled to visit a hydro faculty in Holden Ma., but they lost there power in the recent snow storm. He is concerned that such outage problems may result in area regulators emphasizing SR over cost effectiveness. Scudder P. felt that progress is being made and cited NGrid's adoption of Doug Smith's NWA standards. A project has been chosen in the 2012 EEPP to try to get to the value of these EE benefits.

Abigail A. made the following motion: In Principle, the ERM C supports the System Reliability Plan (SRP) but is not yet satisfied with the assessment of cost-effectiveness. The EERM C authorizes the SRP Subcommittee to work with National Grid to file a jointly revised assessment by December 1, and failing that, the EERM C shall file its own assessment of cost-effectiveness. It was seconded by Marion G. and passed unanimously.

VEIC Monthly Report

VEIC has prepared a draft Cost-effectiveness Review of NGrid's 2012 EEPP for submittal to the PUC. This was requested at the last meeting. They hope they can finalize it with Grid in the next 10 days.

Paul R. asked when it was due. Abigail A. said there was no set deadline, but she would like to get it filed by 11/15. The big improvement from last year is the use of the Technical Reference Manual (TRM). VEIC looked at program design as well as cost-effectiveness. VEIC is developing a mechanism to track and document the performance of the programs, quarter by quarter. They will also get deeper into the screening tool NGrid uses.

Chris P. wanted to know if VEIC could take the BCRs and put dollar figures with them. With the increase in DSM funding this could be a good tool to find out what programs need to be tweaked. Rachel H. agreed that the plan was cost-effective but she also sees it as an opportunity for the PUC to see the depth of the evaluation process.

Abigail A. made the following motion: The EERMC approves the 2012 Cost-effectiveness Report and authorizes the Subcommittee to finalize the report and file it with the PUC. It was seconded by Marion G. and passed unanimously.

Scudder P. said that their draft 2012 Work Plan builds on the EEPP and focus on areas where constructive work needs to be done. This includes C&I account management and residential savings focusing on behavior. Scudder P. mentioned doing a study using Efficiency Vermont data and examples from other jurisdiction, to look at best practices for residential EE behavioral programs. Rachel H. cited research from Massachusetts and suggested doing a report for an

early winter Council meeting. Chris P. said that C&I behavioral program's should not be ignored and said there was a push on college campuses. Scudder P. said there are different dynamics on the C&I side and you need to look at metering. Chris P. cited the Building Operator Training Program as a great opportunity to help change the culture of how buildings are looked at. Marion G. said that is important to get professors involved in campus EE behavior programs. Abigail A. asked if VEIC could include a behavioral study in the 2012 work plan. Marion G. cited a study where residential HVAC usage was holding steady but residential appliance usage was way up.

Scudder mentioned ISO's reluctance to value EE & distributed generation resources, including load management, as part of the strategy for maintaining SR. Chris P. cited EnerNoc's work in this area. Dan J. said that before ISO there were companies that businesses worked with directly to reduce load. Scudder P. would like to address ISO's structural issues so they value distributed resources & EE in their planning. ENE has done research on NE's transmission system & an interesting statistic reveals that in 2008, ISO spent 17 times more on transmission than in 2000. It is outpacing investment in every ISO in the country. Abigail A. offered to share this research with the council during an upcoming council meeting. This is an urgent issue for business groups like TECHRI. State legislatures & regulators are limited in their role because transmission issues are in FERC's jurisdiction. However, because of

the urgency of this issue, states are now becoming more involved. This is an area where the EERMC may want to interact with state regulators. Tim R. said some of this is being driven by mandatory SR requirements resulting from the 2003 blackout. FERC Order 100 will look at the socialization of utility rates and provide more transparency. Chris P. would like to build on the FCM success. Rachel H. said that RI has benefited from the Massachusetts regulator's relationship with ISO. Dan J. supports this effort and would like to get more up to speed on these SR issues.

The last point Scudder P. brought up was doing a gas opportunities report (OR). VEIC is available to do this task. Abigail A. said that the electric OR was valuable and she would support a smaller OR for gas.

Rachel H. said it would be helpful to have it completed by July 2012 and had tangible recommendations.

Paul R. would like monthly finance reports on the EERMC budget. Abigail A. said that there is money in the budget for these extra reports. She suggested Scudder P. put together a OR proposal, with a price tag, to be included in the Council's 2012 budget. He would partner with NGrid on this. Paul R. asked about the \$90,000 that was going to staff support. Abigail said that OER calculated the number of hours dedicated to EERMC work and came up with that figure.

NGrid's Report on Third Quarter EE Procurement Plan Results

Major strides were reached in the Hard to Reach (HTR) segment with a direct mailing targeting 40,000 HTR customers in RI. The program is now measuring response and tracking customers who sign up for The High Efficiency Heating Program (HEHE). The Residential Heat Loan Program was launched in August and more than 200 customers have applied. The comprehensive marketing campaign concluded and NGrid is looking at lessons learned to inform the 2012 campaign.

The Community Initiative with URI & People's Power began in August with four towns participating. The EnergyWise RFP was issued in August and is in the final stages of selection. The residential sector is on target to achieve 100% of its goals by the end of the year. There are some concerns with the low income sector and NGrid is meeting with OER next week to address them. A lot of the completed work has not been recorded because CAPs have not been submitting timely invoices. NGrid is optimistic about meeting its low income goals but has concerns about ProCap.

Mike M. was introduced to give a C&I update. There is work being done on upstream lighting with the company moving into the new technology of LEDs and getting better market share with high performance T-8s. The idea is to give incentives to distributors and they pass it on to the customers. They are also moving forward with the Strategic Energy Management Plan for large customer (SEMP). They have met with Chris P.'s team at Brown and a MOU is pending.

Chris P. expressed enthusiasm for the concept.

NGrid is working with Ken P. & the EDC on the \$2.5M in ARRA funding for C&I financing. EDC would like this to be a loan program but NGrid envisioned it as a grant. This could be problematic. When the company accepts a loan there are terms with it and NGrid assumes the debt. It could impact the company's balance sheet becoming a liability that could hurt NGrid in the bond market.

Abigail A. asked if RGGI 6-10 auction receipts which are going into the C&I loan program are a substitute for the ARRA funding. Rachel stated that the hope is that the \$2.5M will be in addition to the RGGI funding.

Marion G. wanted to know EDC's rationale in seeing a loan program. EDC would like this to be a sustainable fund that leverages the \$2.5M into \$10M through a complicated financing model. Chris P. asked why EDC has this funding. This was the second wave of SEP funding that was reprogrammed. Abigail said she thought that there was a early November deadline for the MOU. Ken P. is trying to create a sense of urgency because the ARRA SEP funding expires in March. Abigail asked if the OER could pull the money back from EDC and give it to NGrid. Pat M. said that the DOE SEP project office was in RI this week and this was discussed and specific actions will be forthcoming. Scudder P. said that setting up a loan loss reserve is not simple and takes time and suggested using the money as a grant

and doing the loan loss financing internally. Paul R. said his commercial clients are just not borrowing and wants it to be a grant program.

Rachel H. said that the \$3.1M Deliverable Fuels Program, funded by ARRA, conducted 3100 audits and funded 1500 weatherization and boiler replacements. It was successful and created jobs. Marion G. expressed frustration with the progress of the Net Zero Energy Initiative since Dave Legg left. Abigail A. asked about when the lead Energy Wise vendor will be chosen. Rachel said that the timing has slipped a little and she does not know the new schedule.

Abigail A. asked about the Community Initiative and said she has talked to people frustrated about their inability to get an audit. Marion G. said she has been getting more regular reports from NGrid and said that there has been an effort to reduce the waiting list that currently has over 500 names. Joe N. said he urged a Woonsocket woman to get an audit. She placed a call in May and has still not been contacted for an audit. She is not even on the waiting list. Joe N. asked who responds to the customer first when they go on the website. Rachel H. said it was RISE. Rachel H. said that NGrid was working to reduce the wait time.

Update on Outstanding EE program Issues

These the unresolved issues from the EEPP approved last month.

There was clarification that the large C&I initiative is not the same as the SEMP. A Street lighting tariff will be worked on for next year to overcome barriers. EnergyWise has program design issues around multi-family & large property owners. Mike G. said that all these issues were successfully resolved. The only loose end was design of the multi-family program. Marion G. felt we need to keep pushing on RISE.

One success story is the revised natural gas plan resulted from the increase in the DSM. NGrid worked quickly to get people off the wait list. They are on track to achieve 100% of the goals approved by the PUC on July 27th.

Discussion of the 2011-2012 LIHEAP Plan

OER's Lewis Babbitt was introduced to give this presentation. The initial LIHEAP allotment reflects the 50% cut in the President's budget. However, there is movement in the House and Senate to increase this. The demand is still the same, however, with the OER expecting to serve more than 38,000 clients. Because of the elimination of TANIF there will be more pressure to turn utilities back on. To meet the same demand the Henry Shelton legislation (PIPP) has been passed; but that funding will not be available until January. Only \$3.1M of the projected \$7M will be available during the LIHEAP season because the funding will not have been collected. There are

still a lot of details to be finalized with this legislation. The PIPP is helpful if clients keep up with their bill, but fails if they do not stay current.

The OER does have rollover funding from last due to a late CR. Reducing the base grant to \$390 also helped to keep cost down. This allowed the OER to rollover almost \$5.1M for the start of this year's heating season. OER projects getting through the season but oil clients will need to wait until it is really cold before getting their crisis allotments.

The main program change is categorical eligibility. If you got SNAP or TANIF in the past, you were income eligible. However that meant if one person in the house got SNAP the whole house was eligible. So OER is not using CE. Because WAP piggybacks on LIHEAP it is important to make sure the family is eligible. Another change for this year, is requiring all vendors to submit invoices to be reimbursed.

One challenge, going forward, is increased demand to restore service. OER can only provide up to \$1,000 to restore service. Another issue is high oil prices. There is a projection of an 8-10%. We will get a spike in spending without serving more customers. The goal is to start processing primary grant by the end of this month.

Another long term goal is to reestablish margin over rack to keep costs down. It is the best way to keep costs in check. Joe N. asked if

vendors want 100 gallon minimum. Yes.

OER has gone out to RFP on a new software system so vendors can be paid in a timely manner. Electronically the money goes into the vendor's account directly from the OER. Dan J. wanted to know why there were multiple vendors. Why doesn't the State have a MPA? The reason for multiple vendors is to give the client the right to chose who will be there vendor. Dan J. wanted to know why. You need to get all the vendors to agree. There would be issues with the more rural area of the state. The MPA for oil vendors has been looked at by the DOA.

To wrap up, all CAPs are processing new applications and restoring service, which is currently their prime focus. Pat M. said the PIPP's average impact on residential ratepayers will be \$.83 a month. Joe N. asked if Lewis B. can give another LIHEAP report at the December meeting.

Paul R. made a motion to adjourn the meeting. It was seconded by Dan J. and passed unanimously. The meeting was adjourned at 5:00 PM.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore